REMARKS

Claims 30, 32-34, 36-44, 46-50, and 52-56 are pending in this application, with Claims 1-29, 31, 35, 45, 51, and 57-61 canceled, and Claims 30, 34, 37, and 48 amended. The Applicants respectfully request reconsideration and review of the application in view of the amendments and the following remarks.

At the outset, Applicants would like to thank the Examiner for participating in telephonic interviews on October 4, October 13 and November 30, 2010. During the interviews, counsel for Applicants argued that the pending claims were patentable over Lewis (U.S. Pub. No. 2005/0144641), Amron (U.S. Pub. No. 2001/00431940), Xie (U.S. Pat. No. 7,304,937), and Saward (U.S. Pat. No. 5,537,473), i.e., the cited prior art references. A summary of counsel's arguments are provided below. Counsel for Applicants also provided proposed amendments to Claims 30, 34, 37 and 48, in an effort to clarify the claimed inventions. During the interviews, the Examiner agreed that the claims, if amended as proposed, would be patentable over the cited prior art references. Accordingly, Applicants have amended Claims 30, 34, 37 and 48, as proposed during the interviews. Claims 30, 32-34, 36-44, 46-50 and 52-56 are now considered to be in condition for allowance.

The Examiner rejected Claims 30, 32-34, 36-44, 46-50 and 52-56 under 35 U.S.C. § 103(a) as being unpatentable over Lewis (U.S. Pub. No. 2005/0144641) in view of Amron (U.S. Pub. No. 2001/00431940), Xie (U.S. Pat. No. 7,304,937) and Saward (U.S. Pat. No. 5,537,473). As discussed above, counsel for Applicants argued during the interviews that the claims were patentable over the cited prior art references. A summary of those arguments are as follows:

ARGUMENTS MADE DURING INTERVIEWS

A.   Overview

The present invention is directed toward a system and method for video content distribution that utilizes a portable electronic storage device configured to uniquely interface via a physical connector with an interactive kiosk and a set-top box. Unlike the prior art, the invention makes it possible to store both video content (*e.g.*, a movie, etc.) and content-use data (*e.g.*, a number of times the movie has been watched, a portion of the movie that has been watched, etc.) on the portable storage device.

In one embodiment of the present invention, as shown in Figure 1A (reproduced below), a customer 108 accesses a publicly accessible kiosk 102 and loads video content (*e.g.*, a movie, etc.) on a portable storage device 104, also referred to as a "wallet." The user 108 accesses the video content by manually attaching or inserting the portable storage device 104 into a compatibly configured set-top box 106, which plays the video content over a television set 110. The set-top box 106 accumulates and stores data relating to the user's use of the video content (*e.g.*, content-use data) on the storage device 104. If the video content is a movie, the content-use data may include the number of time the movie was watched, the portion of the movie that was watched, etc. Upon a subsequent return to the kiosk 102, the content-use data is provided to the kiosk 102, so that the user 108 can be charged for his use of the video content.

FIG. 1A
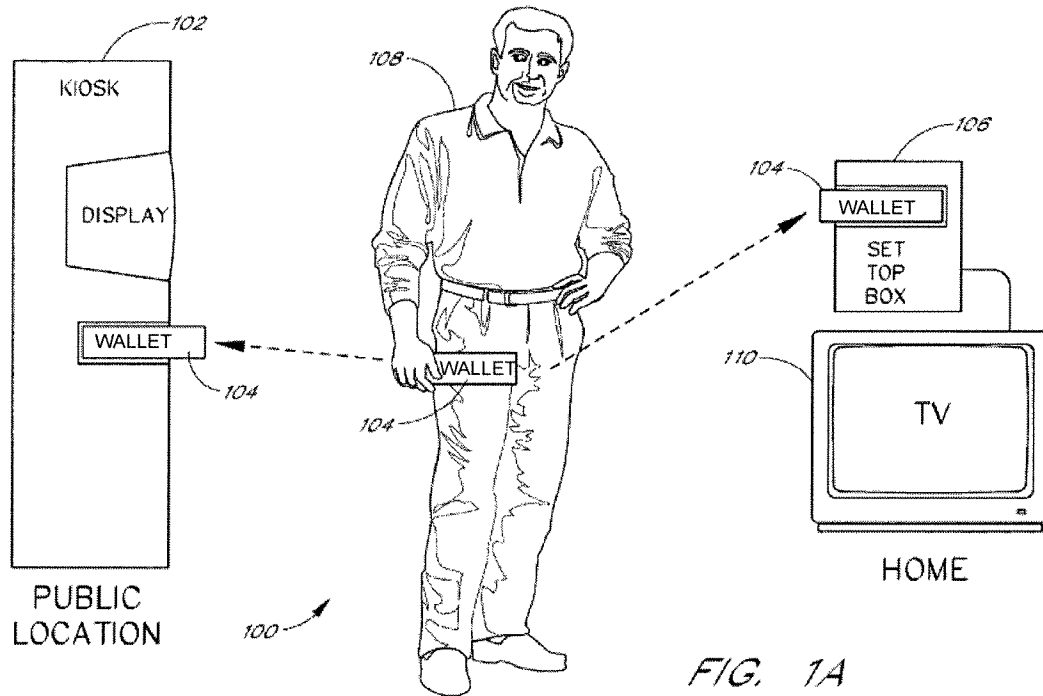
Because sensitive data (*e.g.*, video content, content-use data, etc.) is stored on the portable storage device, steps should be taken to ensure that the data cannot be accessed by an unauthorized device. To this end, the portable storage device may include a connector that is incompatible with industry standard computers. The device may also include a security module, as shown in Figure 3A (reproduced below). The function of the security module is to act as a "gate keeper," and to limit access to the internal memory device. The security module can do this, for example, by authenticating any device (*e.g.*, the kiosk, the set-top box, etc.) that attempts to communicate with the internal memory device.
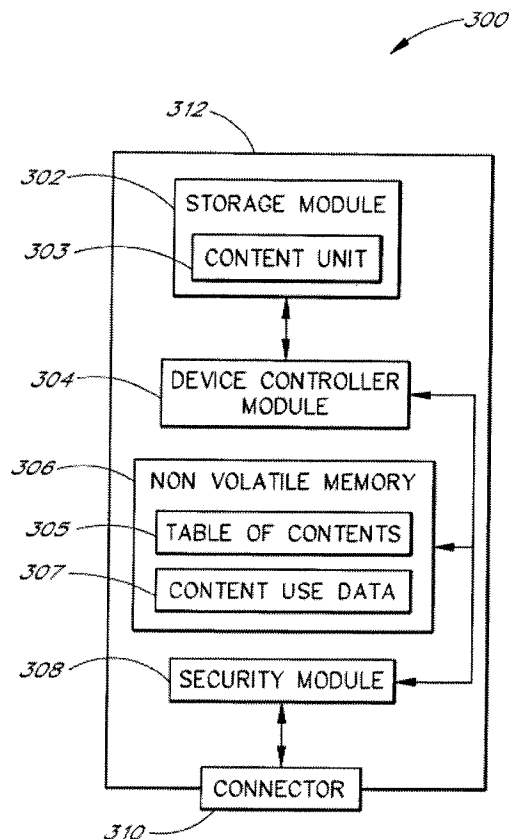
FIG. 3A

Such a system is described in Claim 30, which provides a system for distributing video content, comprising a portable video content storage device, an interactive kiosk and a set-top box, wherein the set-top box is configured to store content-use data onto the portable storage device, and the kiosk is configured to store video content onto the portable storage device and to retrieve the content-use data from the portable storage device. According to Claim 30, the content use data includes "at least a number of times the securely stored video content is accessed and which portions and the durations of such portions of the securely stored video content that are accessed." In an effort to protect the stored data, the portable storage device includes a security

module that "connects with and limits access to the memory by authenticating the identity of any device attempting to communicate with the memory."

B.   Office Action

In the Office Action, the Examiner rejected Claim 30 for being obvious over Lewis in view of Amron, Xie, and Saward. As to the "security module," the Examiner stated that "[Lewis] does not explicitly discuss authenticating the identity of a device attempting to communicate with the memory. Nevertheless, Saward provides a teaching of a customer accessing memory at a system by using a smart card 26, such that the smart card 26 has to be authenticated, before it can be used, see col. 3, lines 5-30. The smart card may carry information that informs the system that the customer has paid for certain services, e.g., movies in memory." Office Action at p. 4.

As to "content-use data" being stored on portable storage device, the Examiner stated that "[Lewis] teaches that the VPR/DMS is capable of electronic monitoring and logging all transactions." Office Action at p. 5. As to "content-use data" including "a number of time the securely stored video content is accessed and which portions and the durations of such portion of the security stored video content that are accessed," the Examiner stated that "Lewis only explicitly discusses billing the user based on a rental period, [0205-0209] not according to the number of times usage." Office Action at p. 6. The Examiner stated, however, that Xie teaches "charging a customer based on the number of times that a movie is played from a particular DVD ... [and] that multiple different movies may be stored on that particular DVD, so that the customer is billed based on the actual movie that was played back, which reads on the claimed 'and the portions of the securely stored video content that is accessed.'" Office Action at p. 6. The Examiner further stated that "Xie teaches that the DVD are layered so that multiple different video programs may be stored on a single disk. In order to access a particular video program on a DVD, the appropriate corresponding BCA must be used, which then

allows the system to again record for billing the number of a times that a particular video program has been accessed from the DVD." Office Action at p. 7.

C.   Argument

As to the "security module," the smart card identified in Saward includes information, such as payment information, or a decryption key.   Given that the information may be confidential, or unique in its application, the Examiner stated that "the smart card 26 has to be authenticated." Office Action at p. 4. While this may be true, this feature is not included in Claim 30. Instead, the security module in Claim 30 is included *in the portable storage device*, and is used to *authenticate an external system* (*e.g.*, kiosk, set-top box, etc.). Thus, while it may be beneficial for an external system to authenticate a portable storage device, like a smart card, such a feature is not included in Claim 30.

As to "content-use data" being stored on the portable storage device, such a feature is not disclosed in Lewis. Lewis provides a "local host Data Management System and Audio/Video Processor Recorder-player ('VPR/DMS') unit" (Para. 0023), which is also referred to as a "set-top box" (Para. 0130). According to Lewis, the set-top may include either a built-in recorder/player (*e.g.*, DVD, CD, etc.) (Para. 0160) or a portable recorder/player (Para. 0161). While Lewis provides that video/audio content can be stored on the portable recorder/player (Para. 0161), and that the set-top box "is capable of electronically monitoring and logging all rental, purchases, or pay-per-view transactions" (Para. 0260), Lewis does not disclose or suggest that these "transactions" are stored on the portable recorder/player.   Instead, Lewis states that these "transactions" are "automatically transmitted to or retrieved by content providers or by copyright collective organizations." Para. 0260.

As to "content-use data" including "which portions and the durations of such portions of the securely stored video content that are accessed," such a feature is not disclosed in Xie. While Xie may provide that multiple movies are stored on a DVD, that

corresponding serial numbers are stored on the DVD, and that the serial numbers can be used (*e.g.*, by a set-top box) to charge a user for viewing the movies, Xie does not store usage (or viewing) data on the DVD. In other words, the DVD in Xie cannot be used to determine which movie a user has watched. Thus, Xie does not disclose storing "which portions ... that are accessed" on a portable storage device.

Further, Xie does not store (anywhere) usage (or viewing) data on "the duration of such portions ... that are accessed." The Examiner argues that because the DVD includes multiple movies, that by watching one movie, the user is watching a portion of the video content. While it may be true that data stored on the set-top box identifies a "portion" of the content viewed, it does not identify a "duration of such portion," or a time period associated with the portion viewed. Such information is not needed in Xie to identify individual movies. However, such information is useful when you are trying to identify whether a user watched a portion of a movie (*i.e.*, a feature covered in Claim 30).

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As discussed above, an agreement was reached during the interviews that the claims would be patentable over the cited prior art references if amended as proposed during the interviews. Accordingly, Applicants have amended Claims 30, 34, 37 and 48, as proposed during the interviews. For example, Claim 30 now provides that the "video content" stored on the storage device is "a movie divided into a plurality of portions," and that the "content use data" is "individual ones of the plurality of portions that were accessed" and "the number of times the individual ones of the plurality of portions were accessed." Support for these features can be found in Figure 7A and on page 27, lines 4-27.
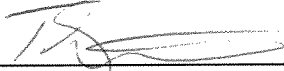
In view of the foregoing, the Applicants respectfully submit that Claims 30, 32-34, 36-44, 46-50, and 52-56 are in condition for allowance. Reconsideration and withdrawal

of the rejections is respectfully requested, and a timely Notice of Allowability is solicited. To the extent it would be helpful to placing this application in condition for allowance, the Applicants encourage the Examiner to contact the undersigned counsel and conduct a telephonic interview.

To the extent necessary, Applicants petition the Commissioner for a three-month extension of time, extending to December 10, 2010, the period for response to the Office Action dated June 10, 2010. The Commissioner is authorized to charge $960 for the Petition for a three-month extension of time ($555) pursuant to 37 C.F.R. § 1.17(a)(3), the filing of a Request for Continued Examination (RCE) ($405) pursuant to 37 C.F.R. § 1.17(e), and any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account No. 50-0639.

Respectfully submitted,

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